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 HUNTAIR, INC. and CLPK, LLC

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UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 SAN FRANCISCO DIVISION

CV 10 3450

HUNTAIR, INC., a Delaware corporation,
 and CLPK, LLC, a Delaware limited liability
 company,

Plaintiffs,

vs.

SETH GLADSTONE, an individual;
 STEVE MOSER, an individual; LORNA
 GLADSTONE, an individual; DAVID
 LANGER, an individual; L4 STRATEGIES,
 INC., a California corporation d/b/a
 RELIANT COMPONENTS AND
 SERVICES; and DOES 1 through 20,
 inclusive,

Defendants.

**COMPLAINT FOR DAMAGES AND
 INJUNCTIVE RELIEF**

1. BREACH OF THE DUTY OF LOYALTY;
2. FRAUD;
3. INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE;
4. RACKETEERING - 18 U.S.C. § 1962(c) (RICO);
5. RACKETEERING CONSPIRACY - 18 U.S.C. § 1962(d) (RICO);
6. SECTION 43(a) OF THE LANHAM ACT, 15. U.S.C. § 1125(a);
7. UNLAWFUL AND UNFAIR BUSINESS PRACTICES (BUS. & PROF. CODE § § 17200 *ET SEQ*); and
8. CONVERSION

DEMAND FOR JURY TRIAL
 [N.D. Cal. Rule 3-6(a)]

Come now Plaintiffs Huntair, Inc. (“Huntair”) and CLPK, LLC (“CLPK”) (collectively, “Plaintiffs”) and for their causes of action allege as follows:

INTRODUCTION

1. This action involves claims against two of Plaintiffs’ former employees, defendants Seth Gladstone (“Gladstone”) and Steve Moser (“Moser”), who orchestrated elaborate schemes with others to obtain kickbacks and to divert business improperly away from Plaintiffs (including, specifically, Huntair and CLPK’s Servicor and Cleanpak businesses) for their own financial gain. The participants in the schemes included, in addition to Gladstone and Moser: Gladstone’s friend, David Langer (“Langer”); Langer’s company, L4 Strategies, Inc. (“L4 Strategies”), doing business as Reliant Components and Services (“Reliant”); Gladstone’s wife, Lorna Gladstone; and Gladstone’s former friend, Vince Tringali (“Tringali”). The schemes were also implemented through businesses that were operated under fictitious names, including specifically a business controlled and operated by Gladstone and his wife, G-5 Group; Reliant, which is a business created and controlled by Langer, L4 Strategies, Gladstone and Moser; a Gladstone business known as Custom Tinting Unlimited (“Custom Tinting”); and Tringali’s business, called Tringali Construction.

2. The victims in the schemes were Cleanpak International, Inc. (“Cleanpak International”), which is now CLPK, and Huntair. Both Huntair and Cleanpak International were subsidiaries of CES Group, Inc. (“CES”); and Huntair and CLPK are subsidiaries of CES today.

3. Both Cleanpak International and Huntair were engaged in the business of manufacturing and selling various products used for air flow management and cleanroom technology. Gladstone and Moser were employed by Cleanpak International from at least January 1, 2007 (on information and belief, the pertinent date for purposes of the earlier of the claims herein) through on or about October 18, 2009. Cleanpak International did business as both Cleanpak and Servicor during this time. As of October 18, 2009, Gladstone and Moser became employees of Huntair, where they remained until they were terminated in mid-July 2010.

1 4. As alleged in more detail below, there are at least several aspects to the various
2 schemes:

3 (a) As set forth in the Declaration of Vince Tringali attached hereto as
4 Exhibit A and incorporated herein (the "Tringali Declaration"), Gladstone was involved in a
5 kickback scheme with Tringali and Tringali Construction from approximately January 2007
6 through approximately September 2009 (the "Tringali scheme"). Under the Tringali scheme,
7 Tringali essentially would quote a Servicor (i.e., Cleanpak International) job for Gladstone;
8 Gladstone would then inflate Tringali's quote in what Gladstone provided to Servicor;
9 Servicor (i.e., Cleanpak International) would then pay Tringali for the work; and Tringali
10 would then kick back the inflated portion to Gladstone through checks made payable to (i)
11 Gladstone, (ii) Gladstone's wife Lorna, (iii) her business, "G-5 Group," or (iv) his business,
12 Custom Tinting (collectively, the "Gladstones"). Tringali, on information and belief, paid the
13 Gladstones approximately \$163,000 in kickbacks pursuant to the Tringali scheme;

14 (b) Gladstone, Moser, Langer, and L4 Strategies were engaged in a scheme
15 in 2010 pursuant to which they improperly diverted, attempted to divert and/or are
16 attempting to divert business and potential business from Huntair to Reliant (the "Reliant
17 scheme"). Under the Reliant scheme, Gladstone and Moser steered business and potential
18 business to Reliant, and helped Reliant pursue and/or obtain the business, even though
19 Gladstone and Moser were employed by Huntair at the time. Gladstone, Moser, Langer and
20 L4 Strategies were working together in competition against Huntair – while Gladstone and
21 Moser were Huntair employees – with Gladstone and Moser to be paid commissions and/or a
22 percentage of the profits in connection with Reliant's sales. In addition, during their Huntair
23 employment, Gladstone and Moser, along with Langer and L4 Strategies, recruited and
24 encouraged other Huntair employees to participate in the Reliant scheme;

25 (c) Gladstone, Moser, Langer and L4 Strategies engaged in a variety of
26 deceptive, misleading, fraudulent and/or otherwise improper activities in connection with
27 their misconduct, including but not limited to: (1) Gladstone submitting invoices to Cleanpak
28 International, in connection with the Tringali scheme, that appeared to have been prepared by

1 Tringali Construction but which actually had been prepared by Gladstone and which
 2 contained Gladstone's inflated pricing; (2) Gladstone directing Tringali to make up excuses to
 3 avoid discussing project pricing with anyone from Cleanpak International other than
 4 Gladstone, so that Gladstone would have a chance to decide how much in kickbacks he
 5 wanted to build into Tringali's quotes; (3) Moser's attempting to obtain a \$20,000 kickback
 6 from a contractor, and Moser and Gladstone's subsequent efforts to justify Moser's
 7 misconduct; (4) Gladstone's submission of a false and misleading expense report, to get
 8 reimbursement from Huntair, for an approximately \$530 dinner in late March 2010, at which
 9 Gladstone and Langer attempted to recruit other Huntair employees to join in the Reliant
 10 scheme. Gladstone hid the fact that Langer was at the dinner, and instead falsely indicated
 11 that two other people were there; (5) Moser and Gladstone misleading and/or confusing
 12 customers or potential customers who believed that Moser and Gladstone were working on
 13 behalf of Huntair or Huntair's sister businesses when in fact Moser and Gladstone were
 14 steering work to a business not affiliated with Huntair; and (6) Gladstone and Moser's behind-
 15 the-scenes activities in competing against Huntair and in pursuing hundreds of thousands of
 16 dollars of work for Reliant.

17 PARTIES

18 5. CLPK, LLC is a Delaware limited liability company that has its principal place
 19 of business in Tualatin, Oregon. CLPK was formerly Cleanpak International, Inc. CES
 20 Group, Inc., a Delaware corporation that has its principal place of business in Minnesota, is
 21 the sole member of CLPK. At all pertinent times, Cleanpak International was engaged in the
 22 business of selling air flow management systems and products, including cleanroom systems,
 23 modular cleanrooms, and cleanroom-related components and products (such as fan filter units
 24 ("FFUs"), ceiling grids, and cleanroom doors) through its Cleanpak and Servicor businesses
 25 and/or brands. In late 2009, Cleanpak International, Inc. transferred almost all of its assets to
 26 Huntair. Cleanpak International, Inc. was converted to a Delaware limited liability company
 27 on April 26, 2010, at which time its name was changed to "CLPK, LLC."

28 6. Huntair is a Delaware corporation that has its principal place of business in

1 Tualatin, Oregon. Huntair is and at all pertinent times has been in the business of selling air
2 flow management systems and products typically used in the manufacturing processes of the
3 semiconductor, aerospace, biotech, and pharmaceutical industries. Huntair – which has
4 acquired the rights to the Cleanpak, Cleanpak International, and Servicor names – sells and
5 has sold (among other things) cleanroom systems, including modular cleanrooms and
6 cleanroom-related services, components and products (including FFUs, ceiling grids, and
7 cleanroom doors) through its Cleanpak and Servicor businesses and/or brands.

8 7. Gladstone is an individual who, on information and belief, is a citizen of the
9 State of California and who resides in San Mateo County, California. At all times material
10 hereto, Gladstone was Servicor's National Sales Manager, first for Cleanpak International and
11 then for Huntair. Gladstone became a Huntair employee on or about October 19, 2009. As
12 National Sales Manager, Gladstone was directly responsible for overseeing Servicor sales both
13 in the United States and other countries, and also had primary responsibility for sales in the
14 western half of the United States. Gladstone is, upon information and belief, the central
15 figure behind the kickback and other schemes and misconduct to defraud and to divert
16 business improperly from Plaintiffs. Gladstone's employment with Huntair was terminated
17 on July 14, 2010. A true and correct copy of Huntair's termination letter to Gladstone is
18 attached hereto and incorporated herein as Exhibit B.

19 8. Moser is an individual who, on information and belief, is a citizen of the State
20 of Illinois and who resides in Ogle County in the State of Illinois. Moser began his
21 employment with Cleanpak International in July 2006, and began his employment with
22 Huntair on or about October 19, 2009. At all times material hereto, Moser was Regional Sales
23 Manager for the Servicor brand and, as such, was primarily responsible for Servicor sales in
24 the central and eastern portions of the United States. Moser also reported directly to, and
25 worked closely with, Gladstone. Moser has been integrally involved in the Reliant scheme and
26 other misconduct to defraud Huntair and improperly divert business from it. Moser's
27 employment with Huntair was terminated on July 14, 2010. A true and correct copy of
28 Huntair's termination letter to Moser is attached hereto and incorporated herein as Exhibit C.

1 9. L4 Strategies is, and on information and belief at all times material hereto was, a
2 California corporation with its principal place of business in San Mateo, California. L4
3 Strategies was and is a co-conspirator with Gladstone and Moser in connection with the
4 Reliant scheme and, upon information and belief, was and is actively involved with Gladstone
5 and Moser in the plan to improperly divert business from Huntair. L4 Strategies does
6 business through Reliant. Reliant is a fictitious business name for the business used by
7 Gladstone, Moser, Langer, and L4 Strategies as part of the Reliant scheme.

8 10. Langer on information and belief is an individual who is a citizen of the State of
9 California and who resides in San Mateo County, California. At all times material hereto,
10 Langer was the President of and/or played a principle role with L4 Strategies. At all relevant
11 times, Langer was a co-conspirator with Gladstone and Moser in connection with the Reliant
12 scheme and, upon information and belief, was and is actively involved with Gladstone and
13 Moser in the plan to improperly divert business from Huntair.

14 11. Defendant Lorna Gladstone ("Ms. Gladstone") on information and belief is a
15 citizen of the State of California who resides in San Mateo County, California. Ms. Gladstone
16 is Gladstone's wife. Ms. Gladstone was a co-conspirator in, at a minimum, the kickback
17 scheme involving Tringali and Tringali Construction. Among other things, Ms. Gladstone
18 and her business, G-5 Group (also known as "G5 Group"), received kickbacks from Tringali.
19 In addition, Gladstone used G-5 Group as a vehicle to improperly compete against, and divert
20 business from, Huntair.

21 12. The true names and capacities, whether individual, corporate, partnership,
22 associate, or otherwise, of defendants DOES 1 through 20 ("Doe Defendants"), inclusive, are
23 unknown to Plaintiffs, who therefore sue the Doe Defendants by such fictitious names.
24 Plaintiffs are informed and believe and, based thereon, allege that each of the Doe Defendants
25 is in some manner responsible for the events and happenings herein referred to, causing
26 damage to Plaintiffs as herein alleged. When Plaintiffs ascertain the true names and capacities
27 of the Doe Defendants it will ask leave of this Court to amend its Complaint to allege the true
28 names and capacities.

13. Gladstone and Ms. Gladstone on information and belief were and are the agents, authorized representatives, joint venturers, partners, and/or alter egos of one another, Tringali, Tringali Construction, and Custom Tinting (a fictitious business name used by Gladstone) in connection with the Tringali scheme, and, in doing the acts alleged in this Complaint pertaining to such scheme and misconduct, did so jointly and for a common purpose, within the course and scope of his, her or its authority as such agent, representative, joint venturer, partner, and/or alter ego, with the knowledge, consent, permission, and ratification of each other.

14. Gladstone, Moser, Langer and L4 Strategies on information and belief were and are the agents, authorized representatives, joint venturers, partners, and/or alter egos of one another and of Reliant in connection with the Reliant scheme, and, in doing the acts alleged in this Complaint pertaining to such scheme and misconduct, did so jointly and for a common purpose, within the course and scope of his or its authority as such agent, representative, joint venturer, partner, and/or alter ego, with the knowledge, consent, permission, and ratification of each other.

15. Gladstone, Moser, Ms. Gladstone, L4 Strategies, Langer, and Doe Defendants are collectively referred to herein as "Defendants."

JURISDICTION & VENUE

16. This Court has jurisdiction pursuant to 28 U.S.C. § 1338(a) because this case arises under the federal RICO statute, 18 U.S.C. §§ 1961 *et seq*, and Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

17. This Court also has jurisdiction pursuant to 28 U.S.C. § 1332 because the matter in controversy exceeds \$75,000.00, exclusive of interest and costs, and is between citizens of different states.

18. This Court has supplemental jurisdiction over the state law claims for relief herein under 28 U.S.C. § 1367(a).

19. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because a

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1 substantial part of the events or omissions giving rise to the claims herein occurred within this
2 District.

3 GENERAL ALLEGATIONS

4 20. Gladstone and Moser were employed for Cleanpak International and then
5 Huntair in sales-related capacities in connection with the Cleanpak and Servicor brands and
6 businesses for a number of years.

7 21. From at least January 1, 2007, through his termination in mid-July, 2010,
8 Gladstone was the National Sales Manger for Cleanpak International and then Huntair's
9 Servicor business. As such, Gladstone had supervisory and oversight responsibility for
10 (among other things) Servicor-related sales in the United States. Gladstone's duties and
11 responsibilities for Huntair and Cleanpak International included the development,
12 management and guidance of sales activities, including managing sales opportunities, and
13 seeking the expansion and growth of customers, for and on behalf of Huntair and Cleanpak
14 International.

15 22. From at least July 2006, through his termination in mid-July 2010, Moser was a
16 Regional Sales Manager for Cleanpak International's and then Huntair's Servicor business, and
17 as such was primarily responsible for Servicor-related sales in the central and eastern portions
18 of the United States. As Regional Sales Manager for Huntair and Cleanpak International,
19 Moser generally was responsible for, inter alia, the overall regional representation of Huntair
20 and Cleanpak International in sales for his designated regions in the United States. Moser's
21 responsibilities as a Servicor Regional Sales Manager for Huntair and Cleanpak International
22 included establishing customer relationships, developing new customer contacts and
23 identifying potential jobs, for and on behalf of Huntair and Cleanpak International.

24 THE TRINGALI KICKBACK SCHEME

25 23. Beginning in or about January 2007, and continuing until approximately
26 September of 2009, Gladstone, Ms. Gladstone and Tringali engaged in a kickback scheme
27 pursuant to which Gladstone and Ms. Gladstone were paid approximately \$163,000 or more
28 in kickbacks pertaining to Cleanpak International's Servicor-related projects, through checks

1 from Tringali made payable to Gladstone, Ms. Gladstone, G-5 Group and Custom Tinting.

2 (a) The scheme tied into Servicor-related work that Tringali Construction
3 performed in connection with various Servicor-related projects which generally involved the
4 installation of cleanrooms and/or equipment, parts or services in connection therewith.

5 Gladstone initiated the kickback scheme, and Tringali agreed to and participated in it.

6 (b) More specifically, while Gladstone was employed by Cleanpak
7 International, Gladstone inflated the costs that Tringali and/or Tringali Construction were
8 going to charge Cleanpak International/Servicor for cleanroom installations and related
9 services. Then, after Tringali Construction was paid by Cleanpak International for the work,
10 Tringali would kick back the inflated portion to Gladstone. Tringali estimates that from
11 January 2007 through September 2009, he kicked back approximately \$163,000 to Gladstone
12 on Servicor projects as to which Gladstone had inflated Tringali's costs.

13 (c) As part of the Tringali kickback scheme, Gladstone told Tringali that he
14 should not discuss pricing for potential projects with anyone at Cleanpak International other
15 than Gladstone. Gladstone told Tringali, for example, that if Servicor's (i.e., Cleanpak
16 International's) Gary Adams ("Adams") were to call Tringali and ask Tringali for an estimate
17 or quote, Tringali should make up an excuse and tell Adams that he was busy, tied up, driving,
18 etc., and that he would get back to him. Tringali was then to contact Gladstone and tell him
19 how much he would charge for the project. Gladstone would then inflate Tringali's quote and
20 include the inflated amount in what Gladstone would then provide to Cleanpak
21 International/Servicor. After Tringali did the work, Cleanpak International would pay
22 Tringali the inflated amount by check. Tringali then would typically deposit the check from
23 Cleanpak International and shortly thereafter provide the kickback portion to Gladstone by
24 check.

25 (d) As part of the scheme, Gladstone would tell Tringali to make the checks
26 payable to Gladstone, his wife Lorna, her company G-5 Group, or his business called Custom
27 Tinting. Gladstone also told Tringali that the "G-5" in "G-5 Group" stands for
28 "Gladstone 5." Tringali understood from Gladstone that "Gladstone 5" referred to

1 Gladstone, Ms. Gladstone, and their three children.

2 (e) At least once Tringali had to void a kickback check because Gladstone
3 wanted it made payable to Gladstone personally rather than to G-5 Group. More specifically,
4 with respect to Servicor's Berkeley Heartlab and Transphorm projects, Tringali kicked back
5 \$7,500 to Gladstone. Tringali originally made the \$7,500 check payable to G-5 Group, but
6 voided the check because Gladstone wanted it made out to him personally. Tringali then gave
7 Gladstone a check made payable to Gladstone personally, for \$7,500.

8 (f) As another example of Gladstone's scheme with Tringali, Tringali told
9 Gladstone that Tringali would do a Servicor cleanroom project in Hayward, California, for
10 \$125,000. Gladstone then inflated Tringali's quote to \$175,000. As a result, Cleanpak
11 International/Servicor ended up paying Tringali approximately \$175,000, and Tringali paid
12 kickbacks totaling approximately \$50,000 to Gladstone, Ms. Gladstone, G-5 Group and/or
13 Custom Tinting.

14 (g) To help hide the scheme, Gladstone told Tringali that Tringali should
15 never tell Adams about Gladstone's business, Custom Tinting. Gladstone also told Tringali
16 not to discuss with Adams or anyone else any of the payments that Tringali was making to
17 Gladstone, Ms. Gladstone, or their respective businesses.

18 (h) There were other aspects of Gladstone's Tringali scheme as well. For
19 example, Gladstone purchased two "Tringali Construction" stamps, and Gladstone then kept
20 one of the stamps for himself so that he could use it in submitting documents to Cleanpak
21 International/Servicor that supposedly were Tringali Construction documents but which in
22 fact had been created by Gladstone.

23 (i) "Tringali Construction" invoices that were sent to Cleanpak
24 International/Servicor in connection with the Tringali scheme actually were prepared and sent
25 by Gladstone rather than Tringali. Gladstone basically told Tringali that as soon as
26 Tringali/Tringali Construction was done with his/its work on a project, he should call
27 Gladstone, and Gladstone would then prepare and send to Cleanpak International/Servicor
28 the Tringali Construction invoice.

(j) Gladstone kept files and documents pertaining to the scheme in his house and/or in the office that he used on his property. Gladstone's files and documents included folders and notes containing information which showed how much he and Tringali/Tringali Construction received and/or were to receive on various projects in connection with the scheme. On information and belief, Gladstone also had information on one or more of his computers pertaining to the Tringali scheme.

(k) Attached hereto as Exhibit D and incorporated herein are copies of some check stubs pertaining to some of the kickback payments that Tringali made to Gladstone through checks made payable by Tringali to Gladstone, his wife, G-5 Group or Custom Tinting. Check stubs 1206, 1226, 1227, 1228, 1235, and 1276 are tied to the kickback scheme.

THE PATTERN OF MISCONDUCT EXPANDS AND BRANCHES OUT

24. By at least the Fall of 2009, Gladstone and Moser were both engaged in other misconduct as well. For example, Moser attempted in or about August 2009 to obtain a kickback in connection with work to be performed by Coombs Contracting. Jim Coombs, of Coombs Contracting, informed Adams that Moser had inflated, by approximately \$20,000, Coombs' quote to perform work on a Cleanpak International/Servicor cleanroom expansion project for Ameridose. Coombs was surprised that Moser had inflated Coombs' quote, and also was concerned because Moser had suggested that Coombs could increase his pricing and then later send a check to Moser for approximately \$20,000 made payable to Moser personally.

25. Coombs' accountant warned Coombs that the arrangement was improper, and Coombs then told Cleanpak International that the price was approximately \$20,000 higher than it was supposed to be.

26. After Moser's conduct surfaced, Gladstone and Moser worked together in an attempt to justify and gloss over what Moser had done, and to minimize the significance of Moser's misconduct.

1 27. During at least the last three months of 2009 and continuing into 2010,
2 Gladstone was also engaged in selling cleanrooms and/or related equipment, products or
3 services “on the side” while he was still employed by Cleanpak International or Huntair. For
4 example, on information and belief:

5 (a) In September 2009, Gladstone agreed to disassemble a Servicor
6 cleanroom, transport it to Flexline LLC (“Flexline”) and re-assemble it for \$3,600. Gladstone
7 made the arrangements using his Servicor email address and his Servicor “National Sales
8 Manager” title. However, Gladstone told Flexline to make the purchase order to G-5 Group.
9 Flexline then sent a purchase order dated September 11, 2009, to G-5 Group.

10 (b) On or about October 2, 2009, Gladstone sent a proposal from G-5
11 Group to Touchdown Tech. In the proposal, Gladstone offered to sell a cleanroom to
12 Touchdown Tech for \$22,000, along with some related HEPA filters for \$1,900. In the
13 proposal, Gladstone told Touchdown Tech to coordinate all correspondence with Gladstone
14 of “Servicor Clean Rooms,” but to make the check payable to G-5 Group.

15 (c) On or about February 22, 2010, Huntair/Servicor quoted on and then
16 obtained a significant cleanroom project for LensVector. Gladstone prepared and sent the
17 quote. Gladstone, however, did not include FFUs in his Huntair/Servicor quote for the
18 LensVector work. On information and belief, Gladstone provided the FFUs to LensVector
19 through G-5 Group. On or about February 22, 2010, G-5 Group prepared a quote to
20 LensVector pertaining to the assembly of a Servicor cleanroom and the sale to LensVector of
21 twenty-one FFUs in connection therewith. The G-5 Group quote number ended in “S”; on
22 information and belief, the “S” reflected “Seth” Gladstone’s involvement in the proposal. On
23 or about March 15, 2010, G-5 Group purchased twenty-one FFUs from S-Cor Global
24 Technologies (“S-Cor”) for \$550 per unit. A true and correct copy of S-Cor’s March 23, 2010
25 invoice for S-Cor’s sale to G-5 Group is attached hereto and incorporated herein as Exhibit
26 E. As reflected in G-5 Group’s March 15, 2010 Purchase Order to S-Cor (a copy of which is
27 attached hereto as Exhibit F and incorporated herein), G-5 Group requested that S-Cor send
28 the FFUs directly to LensVector and stated “[i]f you have any questions please call Seth

1 Gladstone of Servicor He is coordinating the clean room project for LensVector.” G-5
2 Group then charged LensVector approximately \$43,773 for the FFUs and related installation
3 services (which such services were provided, on information and belief, by Gladstone’s
4 brother-in-law Daniel Emrick, who sometimes does business as Emrick Improvement
5 Contractors or DRE Contracting (collectively, “Emrick”). Thus, LensVector purchased
6 FFUs and related installation services, for a Huntair/Servicor cleanroom project, from
7 Gladstone’s G-5 Group rather than Huntair/Servicor.

8 (d) In addition, LensVector asked Gladstone, in connection with the
9 LensVector project, to provide some structural drawings. Huntair followed up and Gladstone
10 was provided with a quote from Allstructure Engineering LLC for the requested work.
11 Huntair expected to receive a purchase order from LensVector for the drawings. Instead,
12 Gladstone used G-5 Group to obtain the drawings from Allstructure Engineering. On
13 information and belief, Gladstone provided or made arrangements to provide the drawings to
14 LensVector through G-5 Group, and G-5 Group then charged LensVector.

15 THE RELIANT SCHEME

16 28. By at least February or March of 2010, Gladstone, Ms. Gladstone, Moser,
17 Langer, and L4 Strategies were engaged in a scheme to divert business from Huntair through
18 a business that ultimately was named Reliant. In February 2010, for example, Gladstone, Ms.
19 Gladstone, Moser, Langer and L4 Strategies on information and belief were involved in the
20 selection of a logo for Reliant’s business.

21 29. In addition, Gladstone and Moser were also involved in February 2010 in
22 preparing and/or reviewing the Reliant “quote” form and Reliant’s Standard Terms and
23 Conditions of Sale. On information and belief, Reliant’s “Standard Terms” were taken from
24 G-5 Group’s Standard Terms and Conditions. On information and belief, Gladstone
25 provided the “standard terms and conditions” for Reliant to use with its quotes to potential
26 customers, and Reliant subsequently included G-5 Group’s “standard terms and conditions”
27 with quotes that Reliant sent to potential customers.

30. By late February and early March 2010, the Reliant scheme and other misconduct were well underway. In late February 2010, for example, Reliant prepared a quote for cleanroom components and assembly to Williams Advanced Materials (“Williams”). The Reliant quote number has “SM” at the end of it. “SM” are also the initials for Steve Moser’s name, and when Moser prepared quotes for Servicor, he normally put his initials, “SM,” after the quote number. Reliant prepared another quote to Williams in early March 2010. The number for this quote also has “SM” at the end of it.

31. Moser was actively involved in steering the Williams cleanroom-related business away from Huntair/Servicor to Reliant. On information and belief, Moser told Williams that Moser could split the business between Servicor and Reliant; that Williams could issue separate purchase orders to Servicor and Reliant; and that Moser would oversee and manage the entire project, including Reliant’s portion of it. In addition, Moser on information and belief was directly involved in arranging for the products and services that Reliant provided to Williams, including the installation services provided by Gladstone’s brother-in-law, Emrick.

32. Reliant also prepared quotes dated March 18, 2010, for Sage Science regarding “Servicor Softwall Cleanroom Assembly,” and for Instrumentation Labs regarding “Servicor Gown Room Assembly.” Both Reliant quote numbers end with “SM” – Steve Moser’s initials.

33. On or about March 19, 2010, Huntair/Servicor provided a quote to Allaway Enterprises LLC (“Allaway”) for a modular cleanroom, including 100 FFUs. Reliant prepared a quote to Allaway dated April 12, 2010, regarding cleanroom components and assembly, which included 24 FFUs. The Reliant quote number ends with “SM.”

34. On information and belief, during Moser’s employment with Huntair, Reliant provided a number of quotes to potential customers that have quote numbers that end with “SM.” At least several of the “SM” quotes resulted, on information and belief, in purchase orders to Reliant – again, while Moser was still employed with Huntair.

35. In mid-March 2010, Reliant diverted business away from Huntair in connection with a Servicor cleanroom project for Heraeus Quartz (“Heraeus”). Moser was involved in

1 the Heraeus project on behalf of Huntair/Servicor. Huntair/Servicor provided the cleanroom
2 to Heraeus, but not the FFUs or installation services. On or about March 19, 2010, Reliant
3 on information and belief submitted a quote to Heraeus to provide “cleanroom design
4 engineering and assembly” for \$10,075. The Reliant quote ended with “SM” – Steve Moser’s
5 initials. Heraeus then issued a purchase order to L4 Strategies dated March 22, 2010, for
6 \$10,075, tied to Reliant’s “SM” quote, for the “development/installation of clean room.”

7 36. When Heraeus raised a question during a subsequent telephone call with Moser
8 and other Huntair management personnel pertaining to who was responsible for the
9 installation work on the Heraeus project, Moser deflected the question in order to avoid
10 highlighting to Huntair’s management that Reliant was doing the installation work.

11 37. On or about March 24, 2010, Gladstone solicited two Huntair employees, Gary
12 Adams and Eric Nelson, to join the Reliant scheme. Gladstone’s pitch included, among other
13 things, promises that Adams and Nelson could receive substantial monies if they were to join
14 Gladstone, Langer and Moser in a scheme that would be run through Langer’s business,
15 Reliant. As set forth in more detail below, Gladstone’s Reliant scheme involved
16 Langer/Reliant kicking back to Adams, Nelson, Gladstone and Moser, commissions and/or a
17 percentage of the profits that Langer/Reliant made on its sales.

18 38. Gladstone explained the Reliant scheme generally as follows:

19 (a) Gladstone and Moser would tell the Huntair/Servicor customers and
20 potential customers that the customers/potential customers could purchase cleanroom-related
21 products and services such as FFUs, doors, installations, and replacement components less
22 expensively through a vendor such as Langer/Reliant, rather than through Huntair.
23 Gladstone or Moser would help the customer/potential customer coordinate the deal with
24 Langer/Reliant. Gladstone and Moser essentially would help Langer/Reliant get business
25 from Huntair’s customers and potential customers by steering them to Langer/Reliant and by
26 otherwise helping to facilitate the sales by Reliant.

27 (b) Langer/Reliant then would pay Gladstone, Moser, Adams and Nelson
28 on the cleanrooms and other products, equipment and services that Langer/Reliant sold.

1 (c) Gladstone told Adams and Nelson that everyone had to be in, or the
2 arrangement would not work. Gladstone also made clear that Moser knew what was going on
3 and had agreed to the plan.

4 (d) In “justifying” his plan, Gladstone said that the compensation had been
5 reduced at Huntair, and Gladstone’s plan would help make up for it.

6 (e) During the discussions, Gladstone emphasized that the plan would
7 work, and suggested that it was not that big of a deal and that they would not get caught.
8 Gladstone also explained that the payments from Langer/Reliant could be paid to Gladstone,
9 Moser, Nelson and Adams’ wives or other family members so that the payments could not be
10 traced back to Gladstone, Moser, Nelson or Adams.

11 (f) Gladstone also indicated that the Servicor business was such a small
12 concern to Huntair’s parent company, CES Group, that CES would never notice if products
13 and services were skimmed away from jobs on a limited basis. Gladstone further indicated
14 that the jobs and customers would be carefully targeted for inclusion in the plan so as not to
15 raise suspicion. Langer would be Reliant’s “front man” or “face,” and the remaining
16 participants (i.e., Gladstone, Moser, and the other Huntair employees) would remain
17 anonymous.

18 39. Much of Gladstone’s initial pitch to get Nelson and Adams to agree to
19 participate in the Reliant scheme was made during a dinner that Langer attended on March 24,
20 2010, at a restaurant in San Mateo County, California. Gladstone submitted a false expense
21 report and a falsified dinner receipt for the \$530 dinner to Huntair in order to get reimbursed
22 by Huntair for the dinner. Gladstone’s expense report and restaurant receipt to Huntair
23 falsely indicated that certain people were at the dinner, and also failed to note that Langer was
24 there. Huntair reimbursed Gladstone for the dinner.

25 40. Following the March 24, 2010, discussions, Gladstone asked Nelson to send
26 Gladstone the home addresses and the home or personal email addresses for Nelson, Adams,
27 and another Huntair employee named Wayne Larson. Nelson understood that Gladstone
28 wanted this information so that Langer/Reliant, Gladstone and others involved in the scheme

1 could communicate without Huntair finding out and so that Langer/Reliant could send things
2 – including payments – to Adams, Larson and Nelson at their home addresses.

3 41. Within one or two months after the March 24, 2010, meeting, Moser discussed
4 the Reliant scheme by telephone with Nelson. Moser indicated to Nelson that everyone
5 involved with the Reliant scheme would make money, and that there was a lot of money to be
6 made. Moser also indicated that they would have to be cautious so that Adams would not
7 ruin it for everyone.

8 42. Adams and Nelson did not join the Reliant scheme, but Gladstone and Moser,
9 in concert with Langer and L4 Strategies (and perhaps others), and through Reliant,
10 implemented the scheme anyway and improperly diverted business away from Huntair.

11 43. On information and belief, Gladstone and Moser communicated between
12 themselves and with others through use of Gladstone and Moser's personal and/or other
13 non-Servicor e-mail addresses to hide their misconduct – including in connection with
14 communications to and from (a) Langer/Reliant and (b) Mike Shea ("Shea") of S-Cor.

15 44. The full extent of the Reliant scheme is unknown at this time, but on
16 information and belief also includes the following:

17 (a) Huntair submitted a quote to AquaPhoenix Scientific ("AquaPhoenix")
18 dated January 26, 2010, with respect to a modular cleanroom. Moser was involved in the
19 proposal on behalf of Huntair. Reliant also prepared a quote to AquaPhoenix for some
20 cleanroom components; Reliant's quote to AquaPhoenix was dated March 30, 2010, and
21 Reliant's quote number ended with "SM."

22 (b) On or about March 29, 2010, Martek Biosciences ("Martek") on
23 information and belief issued either one or two purchase orders to Reliant, for \$59,548 and/or
24 \$37,150. The purchase orders pertained to a Reliant quote dated March 25, 2010, with a
25 quote number ending in "SM." In addition, Martek issued a purchase order to Huntair dated
26 March 29, 2010. The Martek purchase order(s) to Reliant was PO # 908261; the Martek
27 purchase order to Huntair was PO # 908262. On April 1, 2010, Martek sent an email to
28 Moser telling Moser that "hopefully you've received the formal POs." On information and

1 belief, (1) Moser submitted one or more quotes to Martek from both Huntair and Reliant; and
2 (2) Moser was involved in obtaining the Martek business for Reliant.

3 (c) In or about March 2010, Moser was dealing with Phil Braun (“Braun”)
4 of Doe & Ingalls on a possible project pursuant to which Huntair/Servicor would have
5 provided a cleanroom and related parts and installation services. When Braun was talking
6 with Moser about the possibility that Doe & Ingalls might want to purchase just the
7 equipment but not the installation, Moser indicated that “we” provide the equipment through
8 another company, Reliant. On information and belief, Moser subsequently sent several
9 Reliant quotes in the March-May 2010 timeframe to Doe & Ingalls. Each of the Reliant
10 quotes had quote numbers ending with “SM.” Based on Moser’s statements and actions,
11 Braun was under the mis-impression that Reliant was part of, or affiliated with, Huntair.

12 (d) Reliant sent a quote dated April 12, 2010, for more than \$104,000 to
13 Allaway. The Reliant quote – which had a quote number ending with “SM” – pertained to the
14 providing of cleanroom power doors and related services. Reliant’s April 12, 2010, quote also
15 included the G-5 Group Standard Terms and Conditions of Sale. Reliant sent another quote
16 to Allaway, dated May 26, 2010, for more than \$180,000.

17 (e) In pursuing Allaway, Moser was basically peeling work away from
18 Huntair in order to divert it to Reliant. For example, Moser prepared and sent Allaway two
19 quotes dated April 12, 2010 – one for Huntair/Servicor and one for Reliant. The quote
20 numbers were identical -- # 100412 SM. Moser led Allaway to believe, incorrectly, that Reliant
21 was affiliated with Huntair and that Reliant handled installation aspects of Huntair’s Servicor-
22 related projects, with Huntair’s knowledge and/or approval. Similarly, Moser sent Allaway
23 two quotes dated May 26, 2010 – again, one from Huntair/Servicor and one from Reliant,
24 with Moser again splitting the work.

25 (f) On April 14, 2010, Moser sent an email to NC State University. Moser’s
26 email attached two proposals, one from Huntair/Servicor and the other from Reliant. Both
27 proposals were dated April 14, 2010, and both proposals had the same quote number, i.e.,
28 100414SM. The subject line of Moser’s April 14 email referred to “Servicor hardwall

1 cleanroom and assembly proposals.” Moser sent the email and attachments as the Regional
2 Sales Manager, Servicor Clean Rooms. Moser sent the email, however, from his personal
3 email address, and on information and belief did so in order to hide his Reliant-related
4 misconduct from Huntair. Moser’s April 14, 2010, quote to NC State University from Reliant
5 was in the amount of \$25,098.

6 (g) Moser led NC State University to believe that Reliant was a part of, or
7 was working or affiliated with, Huntair/Servicor. Moser thus was attempting to divert
8 business from Huntair to Reliant, and was doing so in part by (1) misleading and/or confusing
9 the potential customer into believing that Huntair was somehow working or affiliated with
10 Reliant, and (2) by promoting Reliant, even though Moser was supposed to be acting on
11 Huntair’s behalf as its Regional Sales Manager;

12 (h) In early May 2010, Gladstone worked with Langer in connection with a
13 Reliant quote to Modified Polymers. On May 3, 2010, Gladstone communicated by email
14 with Modified Polymers as “National Sales Manager, Servicor Clean Rooms.” Gladstone,
15 however, provided Modified Polymers with a quote from Reliant. Langer was copied on
16 Gladstone’s email.

17 (i) Huntair sold a cleanroom to Williams Advanced Materials in March
18 2010. Moser was the Huntair/Servicor salesperson primarily responsible for the sale.
19 However, Huntair’s sale to Williams did not include any FFUs or the cleanroom installation
20 work. On or about May 20, 2010, Reliant purchased fifteen (15) FFUs from S-Cor at the
21 price of \$550 per unit. A true and correct copy of S-Cor’s invoice for the sale to Reliant is
22 attached hereto and incorporated herein as Exhibit G. In the related Purchase Order from
23 Reliant (a copy of which is attached hereto as Exhibit H and incorporated herein), Reliant
24 directed S-Cor to ship the FFUs to Williams. On information and belief, Emrick performed
25 the installation work on the Williams project. On information and belief, the splitting of the
26 cleanroom project confused Williams, which thought that Huntair/Servicor was providing the
27 FFUs and the related installation work.

28 (j) On or about May 21, 2010, Reliant purchased twenty-four (24) FFUs

1 from S-Cor at the price of \$550 per unit. A true and correct copy of S-Cor's invoice for the
2 sale to Reliant is attached hereto and incorporated herein as Exhibit I. In its purchase order,
3 Reliant directed S-Cor to ship the FFUs to Martek. A true and correct copy of Reliant's
4 purchase order is attached hereto and incorporated herein as Exhibit J. Moser did not include
5 FFUs in his Huntair/Servicor quote for the Martek project.

6 45. Moser and Gladstone used the U.S. mail and telephonic communications to
7 effectuate their schemes. For example, the Tringali scheme included: Gladstone and Tringali
8 communicating by phone regarding quotes that Gladstone was going to inflate as part of the
9 kickback scheme; Tringali, at Gladstone's direction, fabricating excuses on the telephone
10 when Adams called, so that Gladstone could handle Tringali's pricing himself; and invoices
11 and/or checks being sent by mail as a part and/or result of the fraudulent and misleading
12 information provided by Gladstone in connection with the scheme. Similarly, the Reliant
13 scheme included Gladstone and Moser talking by telephone with customers and/or potential
14 customers in connection with the attempts to divert business away from Huntair; and invoices
15 and/or checks being sent by mail as a part and/or result of the Defendants' fraudulent and
16 improper activities. In addition, Gladstone and Moser also spoke by telephone with Nelson
17 as part of the Reliant scheme. Gladstone, for example, spoke by telephone with Nelson as
18 part of an effort to keep Huntair from learning about the scheme. Moser discussed by
19 telephone with Nelson that everyone involved in the Reliant scheme would make money, and
20 that there was a lot of money to be made.

21 OTHER MISCONDUCT

22 46. On information and belief, Gladstone improperly inflated one or more quotes
23 of at least one other contractor, i.e., his brother-in-law Emrick. On May 27, 2010, Emrick
24 submitted a quote of \$5,950 for an installation pertaining to a potential Huntair/Servicor-
25 related project for Voltage Multipliers. Gladstone on information and belief inflated Emrick's
26 quoted installation cost from \$5,950 to \$7,500, and then increased the proposed sell price to
27 \$12,500. In light of (among other things) Gladstone's conduct in connection with the Tringali
28 and Reliant schemes, Huntair believes and therefore alleges that Gladstone was increasing

1 Emrick's costs as part of a kickback arrangement.

2 47. Gladstone and Moser's conduct relating to the Reliant scheme and G-5 Group
3 violated Huntair's Code of Ethics and Business Conduct ("Code of Conduct") in numerous
4 respects. A copy of Huntair's Code of Conduct is attached hereto as Exhibit K and
5 incorporated herein.

6 48. The full extent of the misconduct of Gladstone, Ms. Gladstone, Moser, Langer,
7 L4 Strategies and the other Defendants relating to Gladstone and Moser's employment with
8 Huntair and Cleanpak International is not yet known. Gladstone and Moser were told in late
9 June 2010, to cooperate fully and to be completely truthful in connection with Huntair's
10 investigation relating to Gladstone and Moser's activities. They failed to do so.

11 49. Gladstone and Moser lied to and misled Huntair in connection with its
12 investigation into their misconduct. For example, Gladstone falsely claimed that (a) he never
13 received any kickbacks from Tringali, and, instead, that Tringali's payments were merely
14 reimbursements for \$50,000 to \$100,000 in loans that Gladstone, Ms. Gladstone, G-5 Group
15 and/or Custom Tinting supposedly had made to Tringali; and (b) G-5 Group was
16 Ms. Gladstone's company, and that he had had no involvement in G-5 Group and that it had
17 never been involved in providing cleanroom-related products or services. In addition, both
18 Gladstone and Moser denied and/or downplayed their knowledge of and involvement in
19 Reliant's business. Neither Gladstone nor Moser disclosed, for example, their involvement in
20 preparing and sending Reliant quotes to Servicor's customers and potential customers.

21 50. Gladstone and Moser were terminated by Huntair on or about July 14, 2010.
22 Following their terminations, they continued to pursue business for Reliant and, in doing so,
23 misled at least one customer as to the nature of their relationship with, and whether they were
24 still affiliated with, Servicor.

25 FIRST CAUSE OF ACTION

26 (Breach of Duty of Loyalty Against Gladstone and Moser)

27 (Conspiracy Against Moser, Gladstone, Ms. Gladstone, L4 Strategies and Langer)

28 51. Plaintiffs incorporate by reference paragraphs 1 through 50 above as though

1 fully set forth herein.

2 52. Gladstone and Moser, by virtue of their managerial-level sales positions, were
3 employed in positions of trust and confidence. They owed, as both employees and managers,
4 a duty of loyalty to Plaintiffs during their employment with such Plaintiffs.

5 53. Gladstone breached his duties of loyalty to Cleanpak International (now CLPK)
6 and Huntair by, among other things, (a) engaging in the Tringali scheme, including by inflating
7 Tringali's quotes, submitting the inflated costs to Cleanpak International, and then receiving
8 kickbacks based upon the inflated costs; (b) organizing and implementing the Reliant scheme;
9 (c) diverting and attempting to divert business away from Huntair in connection with the
10 Reliant scheme; (d) on information and belief, receiving kickbacks, commissions and/or other
11 compensation or benefits on sales by Reliant and G-5 Group; (e) failing to advise Huntair that
12 its Regional Sales Manager (Moser) was involved in improper activities; (f) soliciting other
13 Huntair employees to participate in the Reliant scheme; (g) failing to perform services for
14 Huntair during the times that he was being paid to provide full-time services; (h) spending
15 time during regular business hours performing work for the benefit of Reliant, G-5 Group,
16 himself and/or others; (i) using Huntair's confidential information as to leads, quotes, pricing
17 and profit margins to his own advantage and to the advantage of others; and (j) lying to and
18 misleading Huntair, and by failing to cooperate, in connection with Huntair's investigation.

19 54. Moser breached his duties of loyalty to Cleanpak International and Huntair by,
20 among other things, (a) attempting to obtain a kickback from Coombs Contracting; (b)
21 helping a competitor (Reliant) compete against Huntair, and diverting business away from
22 Huntair, in connection with the Reliant scheme; (c) on information and belief, receiving
23 kickbacks, commissions and/or other compensation or benefits on sales by Reliant; (d) failing
24 to perform services for Huntair during the times that he was being paid to provide full-time
25 services; (e) spending time during regular business hours performing work for and on behalf
26 of Reliant, Gladstone and himself; (f) using Huntair's confidential information as to leads,
27 quotes, pricing and profit margins to his own advantage and to the advantage of others; and
28 (g) lying to and misleading Huntair, and by otherwise failing to cooperate, in connection with

1 Huntair's investigation.

2 55. Gladstone, Tringali, and Ms. Gladstone on information and belief conspired
3 and agreed amongst themselves to participate in the Tringali scheme in furtherance of
4 Gladstone's breach of his duty of loyalty to Cleanpak International. Gladstone and Tringali
5 knowingly and willfully conspired and agreed to engage in the kickback scheme in or about
6 early 2007; the exact date of Ms. Gladstone's agreement is not yet known, but it may be
7 inferred by the conduct of the parties. At some point during the kickback scheme,
8 Ms. Gladstone on information and belief became aware of and knowingly participated in the
9 scheme, because Gladstone told Tringali to make some of the kickback checks payable to
10 Ms. Gladstone and/or G-5 Group (which Gladstone has said is his wife's business). On
11 information and belief, since kickback checks were made payable to Ms. Gladstone and her
12 business, Ms. Gladstone cooperated in the scheme by endorsing and/or depositing the
13 checks, and/or by helping to make it harder to trace the payments to Gladstone. The
14 conspiracy pertaining to the Tringali scheme continued until at least approximately September
15 of 2009, and Gladstone's efforts to conceal the scheme continued through at least June 2010.

16 56. Gladstone, Moser, L4 Strategies and Langer on information and belief
17 knowingly and willingly conspired and agreed amongst themselves, by at least February or
18 March 2010, if not sooner, to engage in the Reliant scheme in breach of Gladstone and
19 Moser's duties of loyalty to Huntair. Their conspiracy essentially consisted of their agreeing to
20 divert business and opportunities improperly and fraudulently from Huntair to Reliant and/or
21 others, and to conceal their misconduct from Huntair, all as alleged in more detail above.

22 57. The Defendants participating in the conspiracies, aware that the acts they were
23 conspiring to commit were tortious, nevertheless furthered their conspiracies by, among other
24 things, encouraging the tortious acts of one another.

25 58. Gladstone and Moser's breaches of their duties of loyalty have directly and
26 proximately caused damage to, and are continuing to damage, Plaintiffs. Such damages
27 include, but are not limited to, the loss of income and opportunities; the value of the
28 compensation and benefits that Gladstone and Moser were paid and/or otherwise received

1 from Cleanpak International and Huntair from the time that Gladstone and Moser first
 2 started breaching their respective duties; the diminution in the value of Plaintiffs' businesses;
 3 the inflated amounts paid to Tringali Construction; the profits or other compensation
 4 received by Gladstone, Moser, Langer, L4 Strategies and/or anyone else involved in the
 5 Reliant scheme; and the costs pertaining to Huntair's investigation, all in amounts to be
 6 established according to proof.

7 59. Gladstone and Moser acted with oppression, fraud and/or malice in breaching
 8 their duties of loyalty, and they, Ms. Gladstone, L4 Strategies, and Langer acted with
 9 oppression, fraud and malice in furtherance of their conspiracies. Plaintiffs are thus entitled
 10 to awards of punitive damages against Gladstone, Ms. Gladstone, Moser, L4 Strategies, and
 11 Langer.

12 SECOND CAUSE OF ACTION

13 (Fraud and Deceit Against Gladstone and Moser)

14 (Conspiracy Against Moser, Gladstone, Ms. Gladstone, L4 Strategies and Langer)

15 60. Plaintiffs incorporate by reference paragraphs 1 through 59 above as though
 16 fully set forth herein.

17 61. Gladstone and Moser engaged in fraudulent and deceitful activities in
 18 connection with their misconduct as alleged above. Gladstone and Moser's fraudulent and
 19 deceitful conduct includes, but is not limited to:

20 (a) Gladstone's failure to disclose the Tringali scheme to Cleanpak
 21 International and Huntair;

22 (b) Gladstone's efforts to keep Cleanpak International and Huntair from
 23 learning about the Tringali scheme;

24 (c) Gladstone's failure to disclose, and his concealment of, his involvement
 25 in G-5 Group and the activities of G-5 Group pertaining to the cleanroom business;

26 (d) Gladstone's failure to disclose to Huntair management his relationship,
 27 and the full scope of his cleanroom-related activities, with Emrick;

28 (e) Gladstone and Moser's failures to disclose the Reliant scheme to

1 Huntair; and

2 (f) Gladstone and Moser's efforts to keep Huntair from learning about the
3 Reliant scheme.

4 62. In addition, when Gladstone and Moser provided Huntair with quotes
5 pertaining to projects or potential projects that they were trying to steer partially to Reliant, G-
6 5 Group or Emrick, they provided less-than-complete information to Huntair. They failed to
7 disclose to, and concealed from, Huntair that additional business was or might be available –
8 business that Gladstone and Moser were siphoning off for themselves, Reliant and G-5
9 Group. On information and belief, Gladstone and Moser expected and intended that Huntair
10 would rely and act on the incomplete information, since Huntair did not have the benefit of
11 all the information that Gladstone and Moser had.

12 63. Gladstone and Moser had a duty to disclose the above, and their failures to do
13 so constitute fraud and deceit. The information they failed to disclose would have been
14 material to Cleanpak International and Huntair.

15 64. Cleanpak International and Huntair reasonably relied on Gladstone and Moser
16 disclosing that which they should have disclosed. By fraudulently concealing that which they
17 should have disclosed, Gladstone and Moser damaged Cleanpak International and Huntair.

18 65. Gladstone and Moser's fraudulent and deceitful activities also include, but are
19 also not limited to: (a) Gladstone submitting Tringali invoices to Cleanpak International that
20 appeared to have been prepared by Tringali Construction but which actually had been
21 prepared by Gladstone and which contained Gladstone's inflated pricing; (b) Gladstone
22 submitting cost calculations and/or estimates to Cleanpak International and Huntair which
23 contained inflated pricing; (c) Gladstone's submission of a false and misleading expense report
24 for a dinner with Langer at which Gladstone attempted to recruit other Huntair employees to
25 join the Reliant scheme; and (d) Moser submitting to Cleanpak International an inflated quote
26 for work to be performed by Coombs Contracting.

27 66. In addition, as part of their fraudulent and deceitful activities, Gladstone and
28 Moser misled Huntair into believing that they were acting on Cleanpak International and

1 Huntair's behalf when, in fact, (a) they were acting in their own self interests and the interests
2 of others; and (b) they were diverting business and opportunities from Huntair to others such
3 as Reliant, G-5 Group and Emrick.

4 67. Plaintiffs were unaware of Gladstone and Moser's fraudulent and deceitful
5 conduct. Plaintiffs reasonably relied on the accuracy and completeness of the information
6 that Gladstone and Moser provided with respect to the projects and potential projects they
7 were pursuing and/or supposed to be pursuing on behalf of Cleanpak International and/or
8 Huntair.

9 68. Gladstone, Tringali, and Ms. Gladstone on information and belief conspired
10 and agreed amongst themselves to participate in the Tringali scheme in furtherance of
11 Gladstone's fraudulent and deceitful conduct, including, but not limited to, in connection with
12 (i) the payment of kickbacks to Ms. Gladstone and G-5 Group, (ii) Gladstone's failure to
13 disclose the Tringali scheme to Cleanpak International, (iii) his efforts to keep Cleanpak
14 International from learning about the Tringali scheme, and (iv) Gladstone's failure to disclose,
15 and his concealment of, his involvement in G-5 Group. Gladstone and Tringali knowingly
16 and willfully conspired and agreed to engage in the kickback scheme in or about early 2007;
17 the exact date of Ms. Gladstone's agreement is not yet known, but it may be inferred by the
18 conduct of the parties. At some point during the kickback scheme, Ms. Gladstone on
19 information and belief became aware of and knowingly participated in the scheme, because
20 Gladstone told Tringali to make some of the kickback checks payable to Ms. Gladstone
21 and/or G-5 Group (which Gladstone has said is his wife's business). On information and
22 belief, since kickback checks were made payable to Ms. Gladstone and her business,
23 Ms. Gladstone cooperated in the scheme by endorsing and/or depositing the checks, and/or
24 by helping to make it harder to trace the payments to Gladstone. The conspiracy pertaining
25 to the Tringali scheme continued until at least approximately September of 2009, and
26 Gladstone's efforts to conceal the scheme continued through at least June of 2010.

27 69. Gladstone, Moser, L4 Strategies and Langer on information and belief
28 knowingly and willingly conspired and agreed among themselves, by at least February or

1 March 2010, if not sooner, to engage in the Reliant scheme in furtherance of Gladstone and
 2 Moser's fraudulent and deceitful conduct, including, but not limited to, in connection with (i)
 3 the manner in which the scheme would operate, (ii) Gladstone and Moser's failures to disclose
 4 the Reliant scheme to Huntair, and (iii) Gladstone and Moser's efforts to keep Huntair from
 5 learning about the Reliant scheme.

6 70. The Defendants participating in the conspiracies, aware that the acts they were
 7 conspiring to commit were tortious, nevertheless furthered their conspiracies by, among other
 8 things, encouraging the tortious acts of one another.

9 71. Gladstone and Moser's fraudulent and deceitful conduct, and the conspiracies
 10 relating thereto, damaged and is continuing to damage Plaintiffs. Plaintiffs' damages include,
 11 but are not limited to, the inflated amounts paid to Tringali Construction; the loss of income
 12 and opportunities that were diverted to Gladstone, G-5 Group, and/or Reliant; and the costs
 13 pertaining to Huntair's investigation.

14 72. Gladstone and Moser acted with oppression, fraud and/or malice in pursuing
 15 their fraudulent and deceitful activities, and they, Ms. Gladstone, L4 Strategies, and Langer
 16 acted with oppression, fraud and malice in furtherance of their conspiracies. Plaintiffs are
 17 thus entitled to awards of punitive damages against Gladstone, Ms. Gladstone, Moser, L4
 18 Strategies, and Langer.

19 THIRD CAUSE OF ACTION

20 (Intentional Interference with Prospective Economic Advantage)

21 (Against Defendants Gladstone, Moser, Langer and L4 Strategies)

22 73. Plaintiffs incorporate by reference paragraphs 1 through 72 above as though
 23 fully set forth herein.

24 74. Huntair has and had developed and cultivated valuable and advantageous
 25 economic relationships with its customers and prospective customers. These relationships
 26 exist and/or existed between Huntair and the customers and prospective customers with
 27 whom Gladstone and Moser were dealing on Huntair's behalf, and include Huntair/Servicor
 28 customers and prospective customers (such as Williams, Haraeus, Martek, AquaPhoneix, Sage

Science, Allaway, and Doe & Ingalls) that Gladstone, Moser and Reliant (including Langer and L4 Strategies) were pursuing in connection with the Reliant scheme and/or that Gladstone was dealing with in connection with his efforts to steer business to himself and/or G-5 Group (such as LensVector).

75. Gladstone, Moser, Langer and L4 Strategies intentionally, wrongfully, and without justification interfered with Huntair's prospective economic relationships with Huntair's customers and potential customers. For example, Langer and L4 Strategies, in conjunction and in concert and participation with Moser and Gladstone, improperly and without justification diverted business and business opportunities from Huntair through Gladstone and Moser's breaches of their duties of loyalty and/or their fraudulent and deceitful conduct. Gladstone and Moser knew of Huntair's relationships with Huntair's customers and prospective customers; Gladstone and Moser engaged in intentional, wrongful acts; and they knew that interference was substantially certain to occur as a result of their actions.

76. As a direct and proximate result of Gladstone, Moser, Langer and L4 Strategies' wrongful interference, Huntair has suffered damage in the form of lost income and opportunities from these prospective economic relationships, in an amount to be established according to proof at trial.

77. Gladstone, Moser, Langer and L4 Strategies acted with oppression, fraud, and/or malice in wrongfully interfering with Huntair's prospective economic relationships. Huntair is thus entitled to awards of punitive damages against such Defendants.

FOURTH CAUSE OF ACTION

(Racketeering - 18 U.S.C. § 1962(c) (RICO))

(Against Moser, Gladstone, Ms. Gladstone, L4 Strategies and Langer)

78. Plaintiffs incorporate by reference paragraphs 1 through 77 above as though fully set forth herein.

79. Gladstone, Tringali, and Ms. Gladstone constituted and were engaged in an enterprise (the "Gladstone/Tringali enterprise") within the meaning of the federal RICO

1 statute, 18 U.S.C. §1961 et seq., including specifically 18 U.S.C. §1962(c). Gladstone, Tringali,
2 and Ms. Gladstone each is a “person” who was associated with the Gladstone/Tringali
3 enterprise, and they were associated-in-fact.

4 80. The Gladstone/Tringali enterprise engaged in and had an effect on interstate
5 commerce. The Gladstone/Tringali enterprise, for example, resulted in business being
6 conducted between Cleanpak International (based in Oregon) and Tringali Construction with
7 respect to various projects located in California; it also resulted in monies being sent in
8 interstate commerce.

9 81. Gladstone, Tringali and Ms. Gladstone each knowingly and willfully conducted
10 and/or participated, directly or indirectly, in the conduct of the Gladstone/Tringali
11 enterprise’s affairs through a pattern of racketeering activity, in violation of 18 U.S.C.
12 §1962(c).

13 82. Between January 1, 2007, and approximately September of 2009, Gladstone,
14 Tringali and Ms. Gladstone knowingly and willfully committed, or knowingly and willfully
15 aided in the commission of, two or more predicate offenses that constitute the pattern of
16 racketeering activity, and each knowingly and willfully received income derived, directly or
17 indirectly, from such pattern of racketeering activity. Such predicate acts include, but are not
18 limited to, violations of the mail fraud and wire fraud statutes within the meaning of 18 U.S.C.
19 §§1961(1) and 1962(c), through the use of the mail and of the telephone as described in this
20 Complaint.

21 83. The predicate acts all occurred after the effective date of the RICO statute, and
22 more than two such acts occurred within two years of one another. On information and
23 belief, Gladstone, Tringali and Ms. Gladstone engaged in numerous predicate acts between at
24 least January 1, 2007, and September 2009 in conducting and/or participating in the conduct
25 of the Gladstone/Tringali enterprise’s racketeering activity.

26 84. The pattern of racketeering activities and the related predicate acts were
27 continuous over a substantial period of time, and became a regular way in which Gladstone,
28 Tringali and Ms. Gladstone conducted the business of the Gladstone/Tringali enterprise.

1 85. The common purpose of the Gladstone/Tringali enterprise with respect to its
2 pattern of racketeering activity was to defraud Cleanpak International (now CLPK) through a
3 kickback scheme, and the result of that activity was that Cleanpak International was
4 defrauded.

5 86. Gladstone's violations of 18 U.S.C. §1962(c) in connection with the
6 Gladstone/Tringali enterprise proximately caused injury to Cleanpak International's business
7 or property.

8 87. Gladstone, Moser, Langer and L4 Strategies constituted and were engaged in an
9 enterprise (the "Gladstone/Reliant enterprise") within the meaning of the federal RICO
10 statute, 18 U.S.C. §1961 *et seq.*, including specifically 18 U.S.C. §1962(c). Gladstone, Moser,
11 Langer and L4 Strategies each is a "person" who was associated with the Gladstone/Reliant
12 enterprise, and they were associated-in-fact.

13 88. The Gladstone/Reliant enterprise engaged in and had an effect on interstate
14 commerce. The Gladstone/Reliant enterprise, for example, resulted in business being
15 conducted between Huntair (based in Oregon) and various projects located in California and
16 other states; it also resulted in monies being sent in interstate commerce.

17 89. Gladstone, Moser, Langer and L4 Strategies each knowingly and willfully
18 conducted and/or participated, directly or indirectly, in the conduct of the Gladstone/Reliant
19 enterprise's affairs through a pattern of racketeering activity, in violation of 18 U.S.C.
20 §1962(c).

21 90. Between February 1, 2010, and at least late June of 2010, Gladstone, Moser,
22 Langer and L4 Strategies knowingly and willfully committed, or knowingly and willfully aided
23 in the commission of, two or more predicate offenses that constitute the pattern of
24 racketeering activity, and each on information and belief knowingly and willfully received
25 income derived, directly or indirectly, from such pattern of racketeering activity. Such
26 predicate acts include, but are not limited to, violations of the mail fraud and wire fraud
27 statutes within the meaning of 18 U.S.C. §§1961(1) and 1962(c), through the use of the mail
28 and of the telephone as described in this Complaint.

1 91. The predicate acts all occurred after the effective date of the RICO statute, and
2 more than two such acts occurred within two years of one another. On information and
3 belief, Gladstone, Moser, Langer and L4 Strategies engaged in numerous predicate acts
4 between February 1, 2010 and late June of 2010, in conducting and/or participating in the
5 conduct of the Gladstone/Reliant enterprise's racketeering activity.

6 92. The pattern of racketeering activities and the related predicate acts were
7 continuous over a substantial period of time, and became a regular way in which Gladstone,
8 Moser, Langer and L4 Strategies conducted the business of the Gladstone/Reliant enterprise.

9 93. The common purpose of the Gladstone/Reliant enterprise with respect to its
10 pattern of racketeering activity was to defraud Huntair through a fraudulent and improper
11 scheme to divert business from Huntair, and the result of that activity was that Huntair was
12 defrauded.

13 94. Gladstone, Moser, Langer and L4 Strategies' violations of 18 U.S.C. §1962(c) in
14 connection with the Gladstone/Reliant enterprise proximately caused injury to Huntair's
15 business or property.

16 95. As a direct and proximate result of, and by reason of, the activities of
17 Gladstone, Ms. Gladstone, Moser, Langer and L4 Strategies and their conduct in violation of
18 18 U.S.C. § 1962(c), Plaintiffs have been injured in their business or property, within the
19 meaning of 18 U.S.C. § 1964(c).

20 (a) CLPK suffered damages as a result of the Gladstone/Tringali enterprise,
21 including with respect to monies lost as a result of inflated invoices; wages, commissions and
22 other compensation paid to Gladstone during the Gladstone/Tringali enterprise; and the
23 costs of investigation of Gladstone, Tringali and Ms. Gladstone's acts. CLPK is entitled to
24 recover threefold the damages it sustained, together with the cost of this suit, including costs,
25 attorneys' fees, and experts' fees.

26 (b) Huntair suffered damages as a result of the Gladstone/Reliant
27 enterprise, including with respect to lost profits in connection with business diverted to
28 Reliant; wages, commissions and other compensation paid to Gladstone and Moser during the

1 Gladstone/Reliant enterprise; loss of goodwill; interruption of Huntair's business; and the
 2 costs of investigation of Gladstone, Moser, Langer and L4 Strategies' acts. Huntair is entitled
 3 to recover threefold the damages it has sustained, together with the cost of this suit, including
 4 costs, attorneys' fees, and experts' fees.

5 FIFTH CAUSE OF ACTION

6 **(Racketeering Conspiracy- 18 U.S.C. § 1962(d) (RICO))**

7 **(Against Moser, Gladstone, Ms. Gladstone, L4 Strategies and Langer)**

8 96. Plaintiffs incorporate by reference paragraphs 1 through 95 above as though
 9 fully set forth herein.

10 97. Gladstone, Tringali, and Ms. Gladstone conspired with one another (collectively
 11 the "Tringali Co-Conspirators") to conduct or participate, directly or indirectly, in the conduct
 12 of the affairs of the Gladstone/Tringali enterprise through a pattern of racketeering activity in
 13 violation of 18 U.S.C. § 1962(d). In particular, the Tringali Co-Conspirators each intended to
 14 further an endeavor of Gladstone and Tringali which, if completed, would satisfy all of the
 15 elements of a substantive RICO criminal offense and adopted the goal of furthering or
 16 facilitating the criminal endeavor.

17 98. The Tringali Co-Conspirators each were aware of the essential nature and scope
 18 of the fraudulent enterprise and intended to participate in it. The Tringali Co-Conspirators
 19 each adopted the goal of furthering and/or facilitating the fraudulent Gladstone/Tringali
 20 enterprise. Specifically, each agreed to the operation of the Tringali scheme pursuant to which
 21 Tringali would pay kickbacks to Gladstone, Ms. Gladstone, G-5 Group and/or Custom
 22 Tinting after receiving payment from Cleanpak International on an inflated invoice.

23 99. Gladstone, Moser, Langer and L4 Strategies conspired with one another
 24 (collectively the "Reliant Co-Conspirators") to conduct or participate, directly or indirectly, in
 25 the conduct of the affairs of the Gladstone/Reliant enterprise through a pattern of
 26 racketeering activity in violation of 18 U.S.C. § 1962(d). In particular, the Reliant Co-
 27 Conspirators intended to further an endeavor of Gladstone and Langer which, if completed,
 28 would satisfy all of the elements of a substantive RICO criminal offense and adopted the goal

1 of furthering or facilitating the criminal endeavor.

2 100. The Reliant Co-Conspirators each were aware of the essential nature and scope
3 of the fraudulent enterprise and intended to participate in it. The Reliant Co-Conspirators
4 each adopted the goal of furthering and/or facilitating the fraudulent Gladstone/Reliant
5 enterprise. Specifically, each agreed to the formation and operation of the Reliant scheme
6 pursuant to which business would be fraudulently and improperly diverted from Huntair, by
7 Gladstone and Moser, while they were still employed by Huntair. Each expressly agreed to
8 participate in the predicate offenses.

9 101. Plaintiffs were injured by the Reliant Co-Conspirators and Tringali Co-
10 Conspirators' overt acts that are acts of racketeering or otherwise unlawful under the RICO
11 statute, which included (among other acts) acts of mail and wire fraud.

12 102. As a direct and proximate result of, and by reason of, the activities of the
13 Defendants and their conduct in violation of 18 U.S.C. § 1962(d), Plaintiffs have been injured
14 in their business or property, within the meaning of 18 U.S.C. § 1964(c).

15 (a) CLPK suffered damages as a result of the Tringali Co-Conspirators'
16 involvement in the Gladstone/Tringali enterprise, including with respect to monies lost as a
17 result of inflated invoices; wages, commissions and other compensation paid to Gladstone
18 during the Gladstone/Tringali enterprise; and the costs of investigation of the Tringali Co-
19 Conspirators' acts. CLPK is entitled to recover threefold the damages it sustained, together
20 with the cost of this suit, including costs, attorneys' fees, and experts' fees.

21 (b) Huntair suffered damages as a result of the Reliant Co-Conspirators'
22 involvement in the Gladstone/Reliant enterprise, including with respect to lost profits in
23 connection with business diverted to Reliant; wages, commissions and other compensation
24 paid to Gladstone and Moser during the Gladstone/Reliant enterprise; loss of goodwill;
25 interruption of Huntair's business; and the costs of investigation of Gladstone, Moser, Langer
26 and L4 Strategies acts. Huntair is entitled to recover threefold the damages it sustained,
27 together with the cost of this suit, including costs, attorneys' fees, and experts' fees.

SIXTH CAUSE OF ACTION

(Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a))

(Against Defendants Gladstone, Moser, Langer and L4 Strategies)

103. Plaintiffs incorporate by reference paragraphs 1 through 72 above as though fully set forth herein.

104. Moser and Gladstone, in connection with providing and/or offering to provide cleanroom-related goods and services, and in conjunction with Langer and L4 Strategies, used in commerce words, false or misleading descriptions of facts, and/or false or misleading representations of fact, which were likely to and did create confusion and/or mistakes among Huntair's customers and/or potential customers. Such confusion and/or mistakes included whether (i) Reliant was affiliated with, part of, and/or working with Huntair, and/or (ii) Huntair was aware of and/or approved of what Reliant was doing. For example:

(a) Moser, while purporting to act on behalf of Huntair, sent Reliant quotes to customers and potential customers; on information and belief, such actions misled one or more customers and potential customers to believe that Reliant was affiliated with Huntair/Servicecor and that Huntair/Servicecor approved or was aware of Moser and Reliant's activities;

(b) Moser told Doe & Ingalls that "we" – i.e., Huntair/Servicecor – provide cleanroom equipment through Reliant. Based on Moser's statements and actions, Doe & Ingalls was under the misimpression that Reliant was part of, or affiliated with, Huntair/Servicecor;

(c) On information and belief, Moser led Allaway to believe, incorrectly, that Reliant was affiliated with Huntair/Servicecor, and that Reliant handled installation aspects of Huntair's Servicecor-related projects for Huntair/Servicecor;

(d) Moser sent an April 14, 2010, e-mail to NC State University regarding "Servicecor hardwall cleanroom and assembly proposals." Moser sent two proposals with his e-mail, one for Servicecor and one for Reliant. Moser sent the e-mail and the proposals as the Regional Sales Manager, Servicecor Clean Rooms. NC State University incorrectly believed that

1 Reliant was part of, or was working or affiliated with, Huntair/Servicor;

2 (e) Gladstone provided a quote from Reliant to Modified Polymers, copying
3 Langer of L4 Strategies on the e-mail, with Gladstone's e-mail reflecting his Huntair position
4 of "National Sales Manager, Servicor Clean Rooms." Gladstone, however, was not acting on
5 behalf of Huntair when he sent the Reliant quote;

6 (f) On information and belief, Huntair's customer Heraeus was under the
7 mistaken belief – caused by Moser – that Huntair was responsible for the installation work on
8 a project when on information and belief Reliant was responsible;

9 (g) On information and belief, Gladstone caused Huntair customer
10 LensVector to be confused and/or mistaken as to whether G-5 Group was part of, or
11 affiliated with, Huntair;

12 (h) Gladstone arranged for certain work for Flexline, making the
13 arrangements using his Servicor e-mail address and his Servicor "National Sales Manager"
14 title. However, Gladstone told Flexline to make the purchase order to G-5 Group;

15 (i) Gladstone offered to sell a cleanroom and some filters to Touchdown
16 Tech. Gladstone told Touchdown Tech to coordinate all correspondence with Gladstone of
17 "Servicor Clean Rooms," but to make the check payable to G-5 Group; and

18 (j) After Moser was terminated by Huntair, Moser indicated to Huntair's
19 client Ameridose that he, Gladstone, and Reliant were still affiliated with Servicor when in fact
20 they were not and are not.

21 105. The conduct of Gladstone, Moser, Langer and L4 Strategies herein violates 15
22 U.S.C. § 1125(a)(1)(A). Such Defendants provided, in concert and participation with one
23 another, false and misleading descriptions and/or representations of facts which caused
24 confusion and mistakes, and which deceived as to the affiliation, connection, or association of
25 Reliant with Huntair/Servicor, and/or as to Huntair/Servicor's approval of Reliant's goods,
26 services, and/or commercial activities.

27 106. As a result of Gladstone, Moser, Langer and L4 Strategies' violations of 15
28 U.S.C. § 1125(a)(1)(A), Huntair has suffered and will continue to suffer damage and harm in

1 an amount to be established at trial. As a result, Huntair is entitled to treble damages, lost
 2 profits, disgorgement of Gladstone, Moser, Langer and L4 Strategies' profits, and an award of
 3 attorneys' fees and costs. Huntair is also entitled to injunctive relief enjoining further
 4 violations of 15 U.S.C. § 1125(a)(1)(A).

5 SEVENTH CAUSE OF ACTION

6 (Unlawful and Unfair Business Practices Under Business and 7 Professions Code § 17200 *et seq.* and Conspiracy)

8 (Against Moser, Gladstone, Ms. Gladstone, L4 Strategies and Langer)

9 107. Plaintiffs incorporate by reference paragraphs 1 through 106 above as though
 10 fully set forth herein.

11 108. Defendants' actions described herein constitute unlawful, unfair and fraudulent
 12 business practices under Business and Professions Code, sections 17200 *et seq.* (the "Unfair
 13 Competition Law," or "UCL"). In particular, and without limitation, (a) Gladstone and
 14 Moser's efforts and activities in connection with their improperly diverting business from
 15 Huntair for and on behalf of Reliant while they were employed by Huntair, (b) Moser and
 16 Reliant's use of Huntair's confidential information regarding leads, quotes, pricing and profit
 17 margins to solicit and pursue Huntair's customers and prospective customers for and on
 18 behalf of Reliant, and (c) Gladstone and Moser's conduct in confusing and misleading
 19 customers and potential customers regarding, for example, whether Reliant is part of, or
 20 affiliated or working with Huntair/Servicor, constitute unlawful, unfair and/or fraudulent
 21 business practices. Gladstone and Moser's activities were undertaken in concert and
 22 participation with Langer and L4 Strategies, as part of the Reliant scheme.

23 109. Gladstone, Moser, Langer and L4 Strategies' actions in connection with the
 24 Reliant scheme constitute unlawful business practices or acts under the UCL in that they
 25 violate California and federal law, including, but not limited, with respect to breach of the duty
 26 of loyalty, fraud and deceit, intentional interference with prospective economic advantage, 18
 27 U.S.C. §§ 1962(c) and (d), and Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

28 110. Gladstone, Moser, Langer and L4 Strategies' activities in connection with the

1 Reliant scheme were and are, inter alia, immoral, unethical, unlawful, unscrupulous and
2 fraudulent.

3 111. Gladstone, Tringali and Ms. Gladstone's actions in connection with the Tringali
4 scheme constitute unlawful business practices or acts under the UCL in that they violated
5 California and federal law including, but not limited, with respect to breach of the duty of
6 loyalty, fraud and deceit, and RICO 18 U.S.C. §§ 1962(c) and (d).

7 112. Gladstone, Tringali and Ms. Gladstone's activities in connection with the
8 Tringali scheme (including receiving kickbacks) were and are immoral, unethical, unlawful,
9 unscrupulous and fraudulent.

10 113. Gladstone's conduct in diverting cleanroom-related business to himself and/or
11 G-5 Group, while Gladstone was employed by Huntair and/or Cleanpak International, was an
12 unfair business practice, and was and is, inter alia, immoral, unethical, unscrupulous and
13 fraudulent.

14 114. As a result of such Defendants' acts as alleged herein, Plaintiffs have lost money
15 and suffered an injury in fact, including with respect to (a) monies paid as a result of the
16 inflated Tringali invoices in connection with the Tringali scheme, (b) lost profits due to
17 Moser, Gladstone, Langer and L4 Strategies' actions diverting business through the Reliant
18 scheme, and (c) monies paid to Moser and Gladstone at a time when they were engaged in the
19 misconduct described herein.

20 115. Plaintiffs are entitled to restitution of any and all money or property that
21 Defendants acquired by means of such unfair, unlawful and/or fraudulent business practices,
22 and to injunctive relief enjoining Gladstone, Moser, Langer and L4 Strategies from further
23 violations of the UCL.

24 **EIGHTH CAUSE OF ACTION**

25 **(Conversion Against Defendants Gladstone and Moser)**

26 116. Plaintiffs incorporate by reference paragraphs 1 through 50 above as though
27 fully set forth herein.

28 117. At all times herein mentioned, Plaintiffs had, and still have, an interest in any

monies they paid (a) to Tringali/Tringali Construction and/or anyone else pursuant to improperly inflated invoices or costs presented directly or indirectly by Gladstone and/or Moser to Plaintiffs for payment, and (b) for any costs or expenses for which Gladstone and/or Moser were reimbursed by Plaintiffs but which were incurred by Gladstone and/or Moser in furtherance of their misconduct.

118. Plaintiffs were, and still are, entitled to the possession of the monies they paid because of costs, quotes or invoices being inflated for improper reasons such as kickbacks. In relation to the Tringali scheme, CLPK on information and belief is owed at least \$163,000. The investigation is ongoing, and the total monies owed hereunder will be established according to proof, including based upon checks from Tringali made payable to Gladstone, Ms. Gladstone, G-5 Group and/or Custom Tinting. In addition, Huntair is entitled to the possession of any monies it paid to Gladstone or Moser to reimburse them for expenses they incurred in furtherance of their misconduct.

119. Gladstone and Moser's acts directly and proximately caused harm and damage to Plaintiffs.

120. Gladstone acted with oppression, fraud and malice with respect to the Tringali scheme. CLPK is thus entitled to an award of punitive damages against him with respect to this conversion claim.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment in their favor and against Defendants, and that Plaintiffs be awarded:

- (A) compensatory damages in amounts to be established according to proof;
- (B) punitive and exemplary damages;
- (C) restitution and all other relief provided for under Business and Professions Code sections 17200 et seq.;
- (D) disgorgement of profits and other unjust enrichment gained by Defendants through their improper and/or unlawful conduct against Plaintiffs, including wages, commissions and other compensation paid to Gladstone and Moser;

1 (E) damages for the wages, commissions and other compensation paid to
2 Moser and Gladstone during the course of the events alleged herein in amounts to be
3 established according to proof;

4 (F) attorneys' fees and costs;

5 (G) interest, including pre-judgment interest, in accordance with applicable
6 law; and

7 (H) such other and further relief as is just and proper.

8 Respectfully submitted,

9 Dated: August 10, 2010

BRYAN CAVE LLP

11 By:


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DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure and Civil Local Rule 3-6,
Plaintiffs hereby demand a jury trial on all issues triable by jury.

Respectfully submitted,

Dated: August 6, 2010

BRYAN CAVE LLP

By:


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